

# **EXHIBIT A**

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2 UNITED STATES DISTRICT COURT  
3 NORTHERN DISTRICT OF CALIFORNIA

4 Before The Honorable James Donato, Judge

5 IN RE: PG&E CORPORATION and )

PACIFIC GAS AND ELECTRIC )

6 COMPANY, )

)

7 Debtors. ) NO. 19-05257 JD

)

8 )

9 San Francisco, California

Tuesday, September 10, 2019

10 TRANSCRIPT OF PROCEEDINGS

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24 Official Reporter

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1 MR. ORSINI: So let me keep going down the list.

2 THE COURT: Okay. But, no, I mean, does that sound  
3 about right, Mr. Julian? You haven't had a chance to say much  
4 yet so far, but --

5 MR. JULIAN: Five or six days --

6 THE COURT: Okay.

7 MR. JULIAN: -- on liability, not on damages.

8 THE COURT: Five or six days on the hook?

9 MR. JULIAN: Your Honor, we just got their -- yeah.  
10 They raised more issues than they're talking about, but if I  
11 may address estimation overall --

12 THE COURT: Yes.

13 MR. JULIAN: -- in answering your question.

14 THE COURT: Let's just pause for a moment and let  
15 him -- yes, go ahead.

16 MR. JULIAN: Sure. First of all, the cases they're  
17 talking about, the principles they're talking about, apply when  
18 one is estimating claims for determining how big of a claim you  
19 have to vote in a bankruptcy case or whether the plan is  
20 feasible.

21 We're here for a completely different reason, and there's  
22 a different standard that applies to that. We're here by their  
23 own admission to estimate how many claims will be allowed for  
24 purposes of payment in a capped trust.

25 And the reason why I say there's a difference is because

1 when you're estimating -- when the Bankruptcy Court estimates  
2 claims to determine a tort claim as for contract claimants --  
3 contract claim or tort claim of a million dollars for purposes  
4 of voting, if the judge is wrong, it doesn't matter because the  
5 reorganized debtor comes out of bankruptcy and pays that claim  
6 eventually whether it was \$500,000 or a million two.

7 When you're dealing with what they're trying to do here  
8 and like what happens in a mass tort case, it's this: Their  
9 plan essentially says that everyone in this case gets paid in  
10 full except for the wildfire victims comprised of the insurers,  
11 of some public entities, and the victims themselves. And the  
12 victims are going to have to live with whatever money is put  
13 into that trust, and the amount of money that's put into that  
14 trust is determined by your determining the value of those  
15 claims as determined in the tort system in two ways:  
16 Settlements and jury trials.

17 So you're predicting what will happen in settlements  
18 historically with PG&E and what would happen in the future in  
19 jury trials. And here's the rub. And there are only two cases  
20 that really talk about this, Dow Corning involving products  
21 liability, and the Archbishop of Portland cases involving mass  
22 tort sexual abuse cases involving emotional distress; and the  
23 judges in those cases said, "You know, if we estimate and we're  
24 wrong and the trust is capped and the money is put in based on  
25 my estimate, the judge's estimate, and the tort victims later

1 have their jury trials, as they're entitled to because they're  
2 personal injury claims, the later jury trials could turn out to  
3 be establishing damages higher than the estimation did."

4 THE COURT: Let me -- yes, I fully embrace that. I  
5 get it.

6 MR. JULIAN: Okay.

7 THE COURT: So, look, here are the two poles in my  
8 view. Maybe I'm wrong, but here's how I'm thinking of it. On  
9 the one hand is making sure that everyone who's injured will be  
10 made whole. Okay?

11 MR. JULIAN: Yes, Your Honor.

12 THE COURT: On the other hand is the debtors' need to  
13 have a number that they can plan with so that their plan of  
14 reorganization can be approved. Something's happening at the  
15 PUC. You know, there's a lot of downstream effects so you both  
16 need an estimate of what the amount of money is going to be,  
17 but the clear goal of estimation is to make sure nobody gets  
18 stiffed at the end of it for legitimate claims. So I'm not  
19 worried about that. I really want to focus on how we're going  
20 to get there.

21 MR. ORSINI: Right, Your Honor.

22 THE COURT: And let me just jump-start it a little  
23 bit. Okay?

24 We have ruled out, I believe -- I certainly have -- we're  
25 not doing individualized claim hearings. That's just not

1 consistent at all with Section 502(c) or the amount of time we  
2 have, and it's unrealistic and it doesn't matter anyway because  
3 I can't bind anybody's hands. So we're not going to add up  
4 each claim individually. That's an impossible task.

5 And I'm not -- as I said earlier, I'm not just going to  
6 take 17 billion, multiply it by 2 and a half, and call it a  
7 day, although I think in all seriousness I could do that, but  
8 I'm not going to.

9 So what's the middle ground? I'm asking you for the  
10 middle ground. I have come up with one and I'll just propose  
11 it to you. One middle ground would be to -- if there are legal  
12 issues on liability, we can address those. Those are, I think,  
13 relatively straightforward as I suggested; but then past that,  
14 what about something like this:

15 We have experts come in. I think this data is readily  
16 available, maybe it's not; but I think someone could say --  
17 someone has done, I'm sure, detailed studies about what an  
18 average wrongful death claim or payout is in a fire situation  
19 for various regions of the state or maybe California as a  
20 whole.

21 I'm sure there's data what the average property damage  
22 claim is for fire. Maybe it's by region in California or on  
23 the state as a whole. And then we multiply that by the number  
24 of people who realistically -- it's an estimate, it's not an  
25 exact headcount and it's also not a guess, it's an estimate --

1 people who realistically have a claim.

2 And that seems to me to be a week, maybe eight-day  
3 expert -- I would probably do something like, you know, I'm  
4 fond of a procedure called "hot tubbing" where we just have the  
5 experts come in, and I mediate the discussion and we quickly  
6 establish common ground among the people who are best situated  
7 to know.

8 I mean, isn't something like that --

9 MR. JULIAN: Yes, Your Honor, with one footnote.

10 THE COURT: Oh, so you agree.

11 MR. JULIAN: With one footnote.

12 THE COURT: Okay. I don't really do footnotes but go  
13 ahead, yes.

14 MR. JULIAN: In 2015 there was the Butte fire. In  
15 fact, they want to estimate the remaining Butte fire claims  
16 that have not been paid. There's --

17 THE COURT: 2015, yes.

18 MR. JULIAN: 546 homes were destroyed, some couple  
19 hundred other structures. They've paid out so far \$900 million  
20 in settlements and they've booked 1.1 billion total for that.

21 And we have been asking for their documentation -- we just  
22 got it -- because we believe that the average payout in that  
23 case for the property damage, the personal injury damages of  
24 people suffocating and fleeing the fire and getting burned and  
25 fearing for their lives, and the lost profits for the